



First in Connecticut. First for its citizens.

February 18, 2009

Dear Senator Coleman, Representative Sharkey and
Members of the Planning and Development Committee

**Re: H.B. 5187 AN ACT CONCERNING AN INCREASE IN THE SALES AND USE TAX
ON HOTELS AND LODGING HOUSES and H.B. 5524 AN ACT AUTHORIZING
MUNICIPALITIES TO IMPOSE A TAX ON HOTELS AND MOTELS**

Dear Chairpersons and Members of the Planning and Development Committee

It is my pleasure to write to you to express support for diversification of local revenue sources. Proposed House Bill No. 5187, House Bill 5524 and other similar bills would provide alternative revenue streams to help provide property tax relief to property owners.

Connecticut cities and towns rely heavily on property taxes to fund day to day operations. In Windsor, 80% of our revenues come from property tax. The tax burden on homeowners and small businesses continues to increase under the current taxing structure. As you and your colleagues continue to review ways to address our State's fiscal future, please be mindful of the importance of providing cities and towns with the ability to diversify local revenue sources.

States across the nation realized years ago the necessity of a diversified local revenue stream and many of them have granted "so called" local option taxes. For example, since 1985 local communities in neighboring Massachusetts have been able to levy up to a 4% hotel - motel excise charge. Certain cities also have the ability to charge an additional 2.75% to fund convention center activities.

The time has come for Connecticut to adopt enabling legislation to allow local option taxes such as a room occupancy tax.

In Windsor, there are currently over 855 hotel rooms. A 1.5% local room occupancy tax has the potential to generate approximately \$250,000 per year in Windsor. These funds would be able to offset current tax-supported operations such as economic and tourism development and future public transportation initiatives.

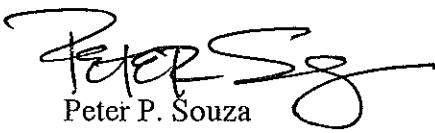
There are a number of proposals, such as HB 5187, submitted this session regarding local revenue diversification through a room occupancy tax. I would suggest the possibility of combining these proposals to allow a "local option excise charge", perhaps through a regional

approach, but not to cannibalize the existing revenue stream for other State or regional programs.

One model may be to allow 80% of the revenue to remain with the municipality in which it was generated and the remaining 20% go to a regional Council of Governments or a multi-jurisdictional body for use to support economic development, tourism / cultural programs, public transportation and infrastructure projects or programs.

Thank you for the opportunity to provide this written testimony. I respectfully request that the committee act favorably to allow the diversification of local revenue sources and mitigate the future burden of local property tax.

Sincerely,



Peter P. Souza
Town Manager

c: Senator Eric Coleman, 2nd District
Senator John Kissell, 7th District
Representative Matt Conway, District 61
Representative Peggy Sayers, District 60